

## Message Text

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TAGS: PFOR, TU, GR, CY

SUBJECT: SECURITY ASSISTANCE FOR TURKEY AND GREECE

FOLLOWING IS TEXT OF STATEMENT TO BE MADE APRIL 21 BY  
MATTHEW NIMETZ, COUNSELOR OF DEPARTMENT OF STATE BEFORE THE  
SUBCOMMITTEE ON EUROPE AND THE MIDDLE EAST OF THE HOUSE  
INTERNATIONAL RELATIONS COMMITTEE. COPIES OF STATEMENT  
PROVIDED TO TURKISH, GREEK AND CYPRIOT EMBASSIES AFTERNOON  
APRIL 20.

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BEGIN TEXT. I AM HERE TODAY TO INFORM YOU OF THE ADMINIS-  
TRATION'S RECOMMENDATIONS REGARDING SECURITY ASSISTANCE  
FOR GREECE AND TURKEY FOLLOWING OUR REVIEW OF THE REPORT  
MADE BY THE PRESIDENT'S SPECIAL REPRESENTATIVE, CLARK  
CLIFFORD. WE HAVE BEEN HIGHLY AWARE OF THE INTEREST AND  
INVOLVEMENT THIS SUBCOMMITTEE HAS HAD IN THE PROBLEMS OF  
THE EASTERN MEDITERRANEAN AND OF THE DESIRE OF THE SUB-  
COMMITTEE TO RECEIVE AS EARLY AS POSSIBLE OUR RECOMMENDA-  
TIONS REGARDING SECURITY ASSISTANCE FOR GREECE AND TURKEY.

CLARK CLIFFORD'S MISSION TO GREECE, TURKEY AND CYPRUS WAS A CLEAR SIGNAL OF THE DEEP INTEREST THAT PRESIDENT CARTER TAKES IN THE PROBLEMS OF THE EASTERN MEDITERRANEAN. IN THE COURSE OF HIS MISSION, MR. CLIFFORD FIRMLY CONVEYED TO THE LEADERS OF THE THREE COUNTRIES OUR COMMITMENT TO THE SEARCH FOR A JUST AND LASTING CYPRUS SETTLEMENT. HE ALSO MADE CLEAR THAT THE U.S. WANTED TO STRENGTHEN OUR BILATERAL AND NATO RELATIONS WITH BOTH GREECE AND TURKEY. WE ALSO WANTED TO DO WHAT WE COULD TO HELP STABILIZE THE SITUATION IN THE VOLATILE EASTERN MEDITERRANEAN AREA.

IN EARLY MARCH, CLARK CLIFFORD GAVE THE FULL COMMITTEE A REPORT ON HIS MISSION AND OUTLINED HIS RECOMMENDATIONS. HE TOLD YOU HOW HE HAD COME AWAY FROM HIS DISCUSSIONS IN ATHENS AND ANKARA CONVINCED ANEW OF THE CONTINUED IMPORTANCE OF THE SOUTHERN FLANK OF NATO AND OF THE ENDURING AMERICAN INTEREST IN THE AREA. HE FOUND THAT THE LEADERS OF BOTH COUNTRIES CLEARLY WISHED TO REMAIN FIRMLY ALIGNED WITH THE WESTERN ALLIANCE. THEY WERE ALSO RECEPTIVE TO HELPING REBUILD CLOSE BILATERAL SECURITY RELATIONS WITH THE UNITED STATES. I WOULD LIKE TO FOLLOW UP AT THIS TIME ON BEHALF OF THE ADMINISTRATION.

IT IS OUR VIEW THAT GIVEN THE HISTORY OF U.S. DEFENSE RELATIONS WITH BOTH GREECE AND TURKEY AND THE PRESENT STATE OF AFFAIRS, DEFENSE COOPERATION AGREEMENTS ARE THE BEST WAY  
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TO STRUCTURE OUR SECURITY RELATIONSHIP WITH BOTH COUNTRIES. THE AGREEMENT WITH TURKEY CONCLUDED IN MARCH 1976 AND THE ONE UNDER NEGOTIATION WITH GREECE DO NOT MARK MAJOR DEPARTURES FROM LONG ESTABLISHED U.S. SECURITY RELATIONSHIPS. RATHER THESE AGREEMENTS FOLLOW CLOSELY ON PAST AGREEMENTS AND EMBODY OUR COMMITMENT IN THE NATO CONTEXT. THEY ARE A MEANS TO IMPROVE AND STRENGTHEN OUR TIES WITH BOTH GREECE AND TURKEY AND WILL HELP FOSTER STABILITY IN THE AREA.

THE QUESTION OF SECURITY ASSISTANCE TO TURKEY HAS BEEN A CONTENTIOUS AND COMPLEX ISSUE. IN OCTOBER 1975, CONGRESS RELAXED THE TOTAL PROHIBITION ON MILITARY ASSISTANCE AND SALES TO TURKEY. THAT LEGISLATION RELEASED MILITARY GOODS AND SERVICES TURKEY HAD CONTRACTED FOR UNDER THE FOREIGN MILITARY SALES PROGRAM PRIOR TO THE EMBARGO AND AUTHORIZED THE ISSUANCE OF LICENSES FOR THE EXPORT OF MILITARY GOODS PURCHASED THROUGH COMMERCIAL CHANNELS. IN JUNE 1976, THE ARMS EXPORT CONTROL ACT ALLOWED THE PROCUREMENT BY TURKEY AND U.S. FINANCING OF UP TO \$125 MILLION OF DEFENSE ARTICLES AND SERVICES UNDER THE FOREIGN MILITARY SALES PROGRAM IN FISCAL YEAR 1976 AND AN EQUAL AMOUNT IN FY 1977, PROVIDED THE PRESIDENT DETERMINED THAT SUCH ARTICLES AND SERVICES WERE NECESSARY TO ENABLE TURKEY TO

FULFILL HER NATO RESPONSIBILITIES. TO REMAIN ELIGIBLE FOR THESE FOREIGN MILITARY SALES AND GUARANTIED LOANS TURKEY WAS REQUIRED TO OBSERVE THE CEASEFIRE ON CYPRUS, NOT INCREASE ITS MILITARY FORCES OR CIVILIAN POPULATION ON THE ISLAND, AND NOT TO TRANSFER TO CYPRUS ANY U.S.-SUPPLIED ARMS, AMMUNITION OR IMPLEMENTS OF WAR.

TURKEY HAS BEEN A FIRM AND LOYAL NATO ALLY. IT COMMITS THE LARGEST LAND ARMY TO THE NATO FORCES, AFTER THAT OF THE U.S. TURKEY HAS PLAYED A SIGNIFICANT ROLE IN NATO SINCE JOINING THE ALLIANCE IN 1952, HAVING TO DEFEND COMMON BORDERS WITH THE SOVIET UNION AND BULGARIA, CON-  
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TROLLING THE STRAITS BETWEEN THE BLACK AND AEGEAN SEAS AND SUPPORTING A MILITARY ESTABLISHMENT OF SOME 500,000 MEN.

WE SHARE CLARK CLIFFORD'S CONVICTION REGARDING THE IMPORTANCE OF THE SOUTHERN FLANK OF NATO AND THE ENDURING AMERICAN INTEREST IN THE AREA.

THE ADMINISTRATION THEREFORE ENDORSES, IN PRINCIPLE, THE DEFENSE COOPERATION AGREEMENT BETWEEN THE UNITED STATES AND TURKEY. THE ADMINISTRATION WILL ALSO SUPPORT AND WILL WORK TO COMPLETE A SIMILAR AGREEMENT WITH GREECE.

HOWEVER, WE ARE NOT URGING THE CONGRESS TO TAKE ACTION ON THE TURKISH AGREEMENT AT THIS TIME. AT AN APPROPRIATE TIME, IN LIGHT OF ALL THE RELEVANT FACTORS, WE SHALL DO SO. FOR NOW, AN INTERIM PROGRAM IS CLEARLY REQUIRED FOR BOTH OF THESE IMPORTANT ALLIES. TURKEY, IN PARTICULAR, REQUIRES A DEPENDABLE FLOW OF MILITARY SUPPLIES FROM THE U. S. IF IT IS TO FULFILL ITS OBLIGATIONS IN NATO. THE \$125 MILLION IN FMS TRANSACTIONS AND FINANCING WHICH WERE

AUTHORIZED BY THE CONGRESS FOR EACH OF THE PAST TWO FISCAL YEARS GOES ONLY PART WAY TO HELP TURKEY MEET ITS NATO RESPONSIBILITIES.

ACCORDINGLY, AS AN INTERIM MEASURE, THE ADMINISTRATION IS REQUESTING FOR FY 1978 THAT CONGRESS AUTHORIZE \$175 MILLION IN FOREIGN MILITARY SALES AND THAT IT AUTHORIZE THE FINANCING OF THAT AMOUNT OF SALES BY FMS LOAN GUARANTIES. WE ALSO ASK THAT THE CEILING ON CASH FOREIGN MILITARY SALES TO TURKEY BE ADJUSTED SO THAT WE CAN MAINTAIN ON A GOVERNMENT-TO-GOVERNMENT BASIS AN ONGOING TURKISH PROCUREMENT OF FORTY NATO-COMMITTED AIRCRAFT. THESE F-4 AIRCRAFT ARE ALREADY IN PRODUCTION AND CONGRESS HAS BEEN PREVIOUSLY NOTIFIED OF THE CONTRACTS INVOLVED.  
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WE ARE NOT REQUESTING ANY ADDITIONAL U.S. FINANCING FOR THIS SALE.

WE HAVE GIVEN A GREAT DEAL OF THOUGHT TO OUR PROPOSAL FOR TURKEY FOR FY 1978 AND TAKEN INTO ACCOUNT CONGRESSIONAL EXPECTATIONS WITH REGARD TO PROGRESS TOWARD A CYPRUS SETTLEMENT. WE HAVE RETAINED ALL OF THE CONDITIONS IMPOSED UNDER SECTION 620 (X) OF THE FOREIGN ASSISTANCE ACT REGARDING TURKISH FOREIGN MILITARY SALES AND FINANCING. WE BELIEVE THAT THE PROGRAM WE HAVE PROPOSED FOR TURKEY IS MODERATE, REASONABLE AND IN THE LONG-TERM INTEREST OF BOTH THE UNITED STATES AND NATO.

WE BELIEVE WE MUST ALSO GIVE A HIGH PRIORITY TO PUTTING OUR BILATERAL RELATIONS WITH GREECE IN THE BEST OF ORDER. ACCORDINGLY, THE ADMINISTRATION IS REQUESTING SECURITY ASSISTANCE TO GREECE TOTALLING \$175 MILLION, OF WHICH \$35 MILLION IS GRANT ASSISTANCE AND THE REMAINDER FMS CREDITS AND GUARANTIES. WE ALSO WILL SUPPORT AND WORK TO COMPLETE A DEFENSE COOPERATION AGREEMENT WITH GREECE SIMILAR TO THAT CONCLUDED IN MARCH 1976 WITH TURKEY. GREECE IS AN OLD AND VALUED ALLY WHICH HAS MADE REMARKABLE AND HEARTENING PROGRESS IN REESTABLISHING DEMOCRATIC INSTITUTIONS SINCE THE RETURN OF PRIME MINISTER CARAMANLIS IN JULY 1974. WE SHALL IN THE COMING MONTHS DEVOTE OUR FULL ATTENTION AND ENERGIES TO THOSE ISSUES WITHIN OUR BILATERAL RELATIONSHIP WHICH MUST BE RESOLVED AS WE MOVE TOWARD COMPLETE NORMALIZATION OF OUR POLITICAL AND SECURITY ASSOCIATION WITH GREECE.

I KNOW THAT MEMBERS OF THIS COMMITTEE ARE PARTICULARLY INTERESTED IN OUR ACTIVITIES TO FACILITATE A CYPRUS SETTLEMENT, AND I BELIEVE IT MIGHT BE USEFUL AT THIS POINT TO REVIEW OUR JUDGMENT WITH RESPECT TO THE OUTCOME OF THE MOST RECENT ROUND OF NEGOTIATIONS IN VIENNA. WE ARE NOT DISCOURAGED BY THE RESULTS OF THE VIENNA NEGOTIATIONS. UNCLASSIFIED

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TIONS. THE NEGOTIATIONS IN VIENNA HAD BOTH POSITIVE AND NEGATIVE ASPECTS. ON THE POSITIVE SIDE CONCRETE PROPOSALS WERE PLACED ON THE TABLE FOR THE FIRST TIME. THE GREEK CYPRIOTS PUT FORWARD A MAP EMBODYING A TERRITORIAL PROPOSAL. THE TURKISH CYPRIOTS FOR THEIR PART PRESENTED A CONSTITUTIONAL MEMORANDUM OUTLINING THEIR CONCEPT OF HOW A FUTURE GOVERNMENT MIGHT BE STRUCTURED. PAST PROCEDURAL PROBLEMS WERE OVERCOME BY THE PARTIES UNDER UN GUIDANCE. THE PARTIES DISCUSSED THEIR TWO PROPOSALS ON A PARALLEL BASIS, WITH THE TALKS LEADING IN OUR JUDGMENT TO SOME CLARIFICATION AND PROBING OF POSITIONS. WHILE BOTH SIDES CLAIMED THE PROPOSAL OF THE OTHER WAS UNREALISTIC AND

UNSATISFACTORY, THE TWO PROPOSALS ARE STILL ON THE TABLE AND THE PARTIES AGREED TO ANOTHER MEETING IN MID-MAY IN NICOSIA FOR A CONTINUATION OF NEGOTIATIONS ON BOTH THE TERRITORIAL AND CONSTITUTIONAL ASPECTS OF THE PROBLEM. WE ARE AWARE AS WELL OF THE SHORTCOMINGS OF THE VIENNA NEGOTIATIONS. THE GREEK CYPRIOT TERRITORIAL PROPOSAL CLEARLY DID NOT GIVE THE TURKISH CYPRIOTS A SELF-CONTAINED AND VIABLE ZONE. WE ARE EQUALLY AWARE THAT THE TURKISH CONSTITUTIONAL PROPOSAL PROVIDED FOR A CENTRAL GOVERNMENT WITH EXTREMELY RESTRICTED POWERS.

THE GAP IN SUBSTANTIVE POSITIONS, ESPECIALLY IN THE CONSTITUTIONAL AREA, REMAINS WIDE. WE BELIEVE, HOWEVER, THAT WITH TIME THE DIFFERENCES BETWEEN THE CONCEPTS WHICH ARE NOW ON THE TABLE CAN BE BRIDGED. THUS, AS CLARK CLIFFORD INDICATED, WITH GOOD WILL AND HARD WORK A JUST SOLUTION TO THE CYPRUS PROBLEM IN 1977 REMAINS POSSIBLE. WE WILL CONTINUE TO BE ACTIVE DIPLOMATICALLY IN THIS IMPORTANT ENTERPRISE.

BEFORE CONCLUDING, I WOULD LIKE TO SAY A FEW WORDS ABOUT THE REASONS WHY THE ADMINISTRATION HAS NOT ASKED FOR ANY ASSISTANCE FOR CYPRUS FOR FISCAL YEAR 1978. AS THE COMMITTEE WILL RECALL, SOME \$72.5 MILLION HAS BEEN MADE UNCLASSIFIED

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AVAILABLE SINCE THE END OF HOSTILITIES IN 1974 TO ASSIST THE GOVERNMENT OF CYPRUS IN MEETING REFUGEE NEEDS. IN THAT CONFLICT, ALMOST 200,000 PERSONS FLED FROM THEIR HOMES, AND HAVE SINCE BEEN UNABLE TO RETURN. ALMOST ALL

THESE PERSONS NOW HAVE PERMANENT HOUSING; THOSE FEW REMAINING IN REFUGEE CAMPS SHOULD BE MOVED INTO DWELLINGS BY LATE THIS SUMMER. AS IMMEDIATE REFUGEE NEEDS WERE MET IN THE PERIOD IMMEDIATELY FOLLOWING THE CONFLICT, OUR PROGRAMS TURNED MORE TOWARD ASSISTANCE WITH HOUSING AND REHABILITATION PROJECTS. THE ECONOMY OF CYPRUS HAS RECOVERED TO A REMARKABLE DEGREE. GROSS DOMESTIC PRODUCT ROSE BY SOME 14 PERCENT LAST YEAR; EXPORTS GREW BY OVER 67 PERCENT AS COMPARED WITH THE LAST PRE-CONFLICT YEAR, 1973. CYPRUS NOW HAS GOLD AND FOREIGN EXCHANGE RESERVES SUFFICIENT TO COVER MORE THAN TEN MONTHS OF IMPORTS. GIVEN THESE INDICATORS, WE HAVE REQUESTED NO ADDITIONAL ASSISTANCE FOR CYPRUS IN FISCAL YEAR 1978 SINCE WE FEEL THAT REMAINING REFUGEE NEEDS CAN CLEARLY BE MET WITHOUT SLOWING DOWN THE ISLAND'S ECONOMY. WE WOULD, OF COURSE, REASSESS THE QUESTIONS OF ECONOMIC AID TO CYPRUS IN THE EVENT OF A SETTLEMENT, AT WHICH TIME RESETTLEMENT AND RECONSTRUCTION MIGHT JUSTIFY ADDITIONAL ASSISTANCE TO BOTH GREEK AND TURKISH COMMUNITIES ON THE ISLAND. END TEXT.  
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